



State of California

# Employment Training Panel

Arnold Schwarzenegger, Governor

April 29, 2008

Greg Hall, Chief Operations Officer  
Orange County Container  
13400 East Nelson Avenue  
City of Industry, CA 91744

Dear Mr. Hall:

**RE: FINAL MONITORING REPORT for ORANGE COUNTY CONTAINER II (ET06-0183)**

<b>Date of the Visit:</b>	02/21/08 (on-site) & 04/29/08 (via phone)
<b>Date of Last Visit:</b>	08/16/07
<b>Visit Location:</b>	City of Industry
<b>Persons in attendance:</b>	Akiko Heurich, Quality Control Manager, Orange County Container Barry Menzel, Consultant Margarita M. Paccarelli, Contract Analyst, ETP
<b>Action Required:</b>	No

## **CONTRACT INFORMATION:**

<b>Term of Agreement:</b>	11/08/05 – 11/07/07	<b>Agreement Amount:</b>	\$696,696
<b>Training Start Date:</b>	11/14/05	<b>No. to Retain:</b>	308
<b>Date Training must be Completed:</b>	08/06/07	<b>Range of Hours:</b>	24 - 200
<b>Type of Trainee:</b>	Retrainee	<b>Weighted Ave. Hours:</b>	174

## **FINAL REPORT SUMMARY**

### **• HISTORY OF AGREEMENT CHANGES**

The Agreement was executed on November 29, 2005 and training began on November 14, 2005. Ms. Heurich reported that all training was completed on August 6, 2007, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement – November 7, 2007.

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ETP (04/15/05)

- **FINAL RECORDS REVIEW**

A final visit was scheduled on February 21, 2008. However, the Analyst was not able to closeout the contract at that time due to several action items found during the records review. The Analyst gave your staff an opportunity to review the training records, make the necessary corrections, and provide ETP any documentation relating to the cited records.

A desk review was conducted by the Analyst when the corrected records and additional information were submitted to ETP; and a final monitoring was conducted with Ms. Heurich via phone on April 29, 2008. There was a delay in the final monitoring call, because the Analyst was out on vacation for a week and Ms. Heurich was out of the office the following two weeks due to a personal emergency.

Based on the Analyst's review, Ms. Heurich was advised that ETP is disallowing \$21,219.43 as listed below:

A. Disallowed Literacy Skills Hours	\$16,230.63
B. Disallowed Advanced Technology Hours	1,842.80
C. Trainees with Less than 24 hours	3,053.70
D. Deleted Hours (per Ms. Menzel's letter dated 2/28/08)	92.30
<b>TOTAL DISALLOWED</b>	<b>\$21,219.43</b>

- A. Literacy Skills training must not exceed 45% of the total job specific skills training. There were 72 trainees who received more than the maximum literacy hours allowed in this Agreement. ETP disallowed 1,248.51 hours of literacy training. Based on \$13 fixed fee rate per trainee hour, total amount disallowed is \$16,230.63.
- B. Advanced Technology training is limited to the company's Management Information System (MIS) staff only. There were several non-MIS trainees who received Advanced Technology training. Based on \$20 fixed fee rate per trainee hour, total amount disallowed is \$1,842.80.
- C. Because literacy skills and advanced technology training hours were disallowed, approximately 15 trainees reduced their total hours to less than 24 hours. Your staff had been advised that this Agreement contains a variable training plan, which means that reimbursement will be based on the total actual number of training hours completed by each trainee between 24 and 200 class/lab training hours. There will be no reimbursement for any trainee who does not complete a minimum of 24 hours of training from the required curriculum. Therefore, these trainees will be dropped from the Agreement.
- D. Several records were cited by the Analyst due to inconsistencies on the class/lab hours listed on the roster and the ETP online tracking system. Records were reviewed by Ms. Menzel, your administrative subcontractor, and she requested to delete some of the hours outlined on the letter sent to ETP on February 8, 2008.

Ms. Paccarelli will advise ETP's Fiscal Unit to make the necessary adjustments on your next final invoice. It should be noted that ETP received your final closeout invoice on March 4, 2008.

The above findings were based only on a sample of the training records reviewed by the Analyst. It is your responsibility to ensure that all training records comply with Panel requirements for auditing purposes. (Reference: Title 22 California Code of Regulations, Section 4442)

- **FINAL PROJECT STATISTICS**

Although Chart 1, Exhibit A of the Agreement, specified that there would be 308 trainees to be retained, there are only 291 trainees who completed training and the 90-day retention period. This resulted in a completion rate of 94 percent with approximate earnings of \$449,151.57 calculated as follows:

TYPE OF TRAINING	TOTAL HOURS	FIXED FEE RATE	TOTAL REIMBURSEABLE AMOUNT
Advanced Technology	336.04	\$20	\$ 6,720.80
Other Types of Training	35,665.40	\$13	463,650.20
SubTotal			<b>\$470,371.00</b>
Disallowed			(\$21,219.43)
Total Projected Earnings			<b>\$449,151.57</b>

Since your company has received \$168,038.45 in progress payments, additional \$281,112.12 will be paid if the anticipated number to retain is verified during the final fiscal closeout.

- **INTERVIEW WITH CONTRACTOR'S REPRESENTATIVES**

Your project staff reported that they experienced no real barriers to the implementation of the training plan or any problems with ETP record keeping. They stated that the ETP Online Forms and Class/Lab tracking systems worked well and were user-friendly.

According to Ms. Heurich, OCC greatly benefited from ETP-funded training. She stated that the company is in a highly competitive industry. Quality products, shorter delivery times, innovative design, and low pricing are major issues in winning or retaining customers. She stated that the training provided your employees the skills needed to be efficient and productive, which helped the company sustain revenue growth and maintain profit margins.

Overall, Ms. Heurich reported that the ETP training was a success even though the company did not earn the maximum amount allowable in the contract.

**PROJECT STATISTICS PROVIDED BY THE CONTRACTOR:**

Trainees Started Training:	389	Completed Training:	291
Trainees Enrolled:	389	In Retention Period:	0
Dropped Following Enrollment:	86	Completed Retention:	291

The project statistics provided by your project staff matches those listed on the current ETP Contract Status Report.

### **AUDIT**

Your school will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk review. These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

### **RECORD RETENTION**

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Margarita Paccereilli at (818) 755-1317 or by email at [mpaccereilli@etp.ca.gov](mailto:mpaccereilli@etp.ca.gov) within ten (10) working days from the receipt of this report.

Sincerely,

### **SIGNATURE ON FILE**

Dolores Kendrick, Manager  
North Hollywood Regional Office

### **SIGNATURE ON FILE**

Margarita M. Paccereilli, Contract Analyst  
North Hollywood Regional Office

cc: David Guzman, Chief, ETP Program Operations Division (via email)  
Kulbir Mayall, Fiscal Manager (via email)  
Akiko Heurich, Orange County Container (via email)  
Master File  
Project File

Date report mailed to Contractor \_\_\_\_\_